

9 November 1959

TO: Assistant Director for Research and Reports

FROM: Chief, Economic Research Area

SUBJECT: Activity Report for the Month of October 1959

Support Activities

Intra-Agency Support

1. During October, ORR support for OCI included articles covering the East German harbor construction program, food supplies in various parts of the Sino-Soviet Bloc, Satellite five-year plans, Soviet activity in the Antarctic, the 10th anniversary of Communist China, the 1960 Soviet plan and budget, various aspects of the Bloc trade and aid program, the new Soviet fighter generation, and Khrushchev's Siberian tour. Contributions were also made to a dry run version of a new OCI publication, "Survey of Recent Communist Policies and Activities."

2. DCI/DDI support involved contributions to NSC briefings on the Soviet 1960 plan and budget and new developments in Communist China.

3. OCh/D/A, with the support of A/U, prepared the initial draft of the testimony the DCI will present on 13 November to the Subcommittee on Economic Statistics of the Joint Economic Committee of Congress.

4. Mr. 25X1A9a Chief, I/GM, provided support to the DCI and ONE in preparing material for the President on estimated Soviet ICBM production programs.

5. M/NF prepared an evaluation for the DCI of the book, "In Search of Soviet Gold", by John D. Littlepage, published in 1938. M/NF also evaluated recent statements by two Soviet officials on the production and reserves of gold in the USSR at the request of the DD/I.

6. An OCB paper, "Oil Developments in Libya" was evaluated for the DD/I by M/FP.

7. St/CS, A/U, A/F, I/ME, and S/TF furnished contributions to OCI for a CIA paper on the "Organization and Operation of the Policy Making and Executive Function of the Soviet Union and China" for the Jackson Sub-Committee of the US Senate Committee on Government Operation.

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8. Considerable I/GM time and effort were devoted to reviewing a succession of OSI proposals for [REDACTED] certain types of missile targets and attempting to persuade OSI of their operational infeasibility. The attempt failed and a unilateral OSI proposal has been prepared and forwarded.

9. Support activities of M/AG included reports for Far East Division, DD/P, on grain at high altitudes and for Applied Science Division/SI concerning the use of aircraft in applying chemical to crops in the Soviet Union.

10. Mr. [REDACTED] 25X1A9a I/PE, prepared briefs on the Nevskiy Plant in Leningrad and the "Sel'mash" Plant in Chirchik for use by DD/P [REDACTED]

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11. Miss [REDACTED] 25X1A9a S/TR, provided support to the DD/P on Soviet vessels calling at West African ports.

Extra-Agency Support

12. USIB Watch Committee support was heavily oriented toward Bloc activities in the Middle East, the economic situations which could lead to popular unrest in the Northern European Satellites, and recent Soviet decrees.

13. Mr. [REDACTED] 25X1A9a Deputy Chief, D/A, was appointed Alternate CIA Member of the USIB Steering Committee on Emergency Planning.

14. D/A support activities during the month included contacts between A/PC and ATIC on the subject of labor in the Soviet aviation industry, A/U and AFCIN concerning Soviet GNP, and A/U and ATIC on Soviet industrial reorganization.

15. A draft contribution to a speech for Mr. Mann, Assistant Secretary for Economic Affairs, Department of State, entitled "Role of Agriculture in the Economies of China and the Soviet Union" was prepared by A/U, A/F, M/AG, and St/CS.

16. ERA branches evaluated statistical data submitted to the ILO by the USSR as a part of its application for membership on various ILO committees.

17. M/CE, through S/TD, continued its support of the inter-agency Advisory Committee on Export Policy (ACEP) regarding requests by US companies for licenses to export chemical technology and equipment to the Soviet Bloc.

18. Members of M/FP met with a representative of the OCB staff to plan a briefing of the OCB and NSC staffs on the subject of World Energy.

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19. Mr. [REDACTED] Chief, D/I, and Mr. [REDACTED] I/GM, met with Dr. J. B. Wiesner, Consultant to the President's Scientific Adviser, to present and discuss an informal paper prepared by I/GM in preliminary response to a request made of the AD/SI by Dr. Wiesner for information on clandestine ICBM production under conditions of general disarmament. It was agreed that CIA would attempt to arrange for a detailed study to be made to provide the specific data Dr. Wiesner requires.

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20. Mr. [REDACTED] I/AR, visited [REDACTED] to coordinate research findings regarding aircraft production in the Sino-Soviet Bloc.

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21. Representatives of ATIC and I/AR discussed a proposed methodology for estimating aircraft production on the basis of available labor force, plant tooling, and plant layout. ATIC analysts also were briefed by Mr. [REDACTED] I/PE, on Soviet machine tools, metalforming machinery, and fabricating processes.

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22. Mr. [REDACTED] I/PE, and Mrs. [REDACTED] I/GM, provided Mr. [REDACTED] U.S. Army Research and Development Laboratories, with a recommended itinerary of construction and equipment plants in the USSR. 25X1A9a  
25X1A9a Mr. [REDACTED] hopes to spend approximately two months in the USSR while 25X1A5a1  
25X1A9a compiling data for [REDACTED] research project.

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23. Mr. [REDACTED] Chief, I/GM, briefed Mr. [REDACTED] on the production and deployment of Soviet missiles and on ORR's views on the possibility of a Chinese Communist missile program.

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24. Mr. [REDACTED] I/GM, will represent CIA as a member of the Surface-to-Surface Missile Ad Hoc Committee of the Air Force Guided Missile Panel. This group deals primarily with intelligence on missile deployment in the USSR and Satellites.

25. Arrangements for SAC's formal briefing of various Agency components on the Soviet Surface-to-Air Missile threat were made by members of I/GM. This branch, in conjunction with OCI, also arranged for distribution of the SAC briefing aids to the intelligence community.

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26. Miss [REDACTED] S/TR, prepared a special evaluation for ONI of reports on the bunkering of Chicom chartered ships.

27. ERA support to the US Delegation to COCOM included preparation of a statement on the cobalt supply position of the Sino-Soviet Bloc (M/PM), intelligence support for the development of an agreed US reaction to proposals made by other COCOM participating countries for revisions in the COCOM International Embargo List (S/TD), and support on electronics provided by Mr. [REDACTED] Chief, I/EE, who advised US negotiators engaged in the 1959 review of the COCOM list in Paris.

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Research Planning, Program Development, and Special Projects

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28. [REDACTED] Chief, D/A, briefed the DD/I on the results of the CIA contract [REDACTED] for work on 1955 Ruble/Dollar Ratios.

29. A copy of the 1958 "USSR National Economy" was received by A/U. New data, available in the volume, have made it possible for the branch to undertake a revision of its industrial production index for the USSR.

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30. Messrs. [REDACTED] I/GM, represented ORR at the joint OO/ORR/OSI conference held in San Francisco in early October to evaluate the [REDACTED] collection program and to discuss operational problems encountered to date. During the discussion, it became clear that the program had been of considerable value to both principal consuming Offices, particularly ORR. There was general agreement that more detailed guidance was required from the customers, and the proposed ORR/OSI "[REDACTED] Handbook" 25X1A2g received enthusiastic approval. It is likely that the program will be continued and enlarged somewhat to include additional OO/C personnel and field offices.

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31. Mr. [REDACTED] I/EE, conducted discussions with officials of the Electronics Production Resources Agency on the possibility of obtaining certain data which would facilitate costing the electronics component of military hardware procurement. Mr. Sperry, Deputy Director of EPRA and Mr. Harris, Chief of EPRA's Plans and Analysis Division, requested that another meeting be held to discuss this matter in greater detail. Pursuing the same line of discussion with Mr. Parris, Chief, Electronics Division, Business and Defense Services Agency, Mr. [REDACTED] I/EE, learned that HDSA has already initiated a survey aimed at determining the dollar value of electronics a wide range of U.S. military end equipment. Results of the survey will not be published, however, until December.

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Commendations

36. Mrs. <sup>25X1A9a</sup> S/TR, has received a personal commendation from Admiral Radford for her work in a Special Study Group on the Military Uses of the Merchant Marine.

Problems

37. Mr. <sup>25X1A9a</sup> I/GM, will address the annual Clandestine Scientific and Technical Operations Course on the collection of guided missile production and deployment information. This is the second year in which, to our knowledge, I/GM has provided the only ORR representation in this basic 4-week orientation course for clandestine collectors sponsored by OSI. It again raised the question of whether ORR should consider sponsoring some formal program to insure adequate presentation of ORR interests to DD/P field and headquarters personnel.

38. Two of the three target studies assigned to OSI under the joint ORR-OSI project formally requested by DD/P, have not been published without coordination with ORR, and coordination of the third appears unlikely, despite informal protests. The two published studies are believed to be quite inadequate, particularly in that they do not reflect ORR's collection requirements on the missile production activities of the target facilities. I/GM is considering recommending official action by the Office in this case.

39. Last month the preparation was reported of a comprehensive requirement for NSA culminating in the exchange of correspondence between the DD/I and the Director, NSA. This month it must be reported that the NSA division which is the target of this requirement has stated informally that it cannot accept the requirement. If this position is upheld by higher NSA authority, it will presumably be necessary to seek further DD/I intervention.

Miscellaneous

40. On 7 October, Mr. <sup>25X1A9a</sup> Ch/E, addressed the US Naval War College, Newport, Rhode Island, on the subject of Communist China's Economy - Current and Future.

25X1A5a1 41. Mr. 25X1A9a Chief, D/A, Ch/E, and the DD/I debriefed following his meetings with the delegation of Soviet economists visiting the US under CED sponsorship.

42. Messrs. 25X1A9a presented a panel discussion at the Strategic Intelligence School on the subject of Soviet industry, agriculture, and trade.

25X1A9a 43. On 28 October Mr. 25X1A9a delivered a talk on Soviet foreign aid programs to the ICA mid-career course.

44. During October, Messrs. 25X1A9a participated in the 1959 ERA recruiting program, visiting New England, the West Coast, and the Middle West, respectively.

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Distribution:

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